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Farm Outlook

Iowa Farm Science Editorial Board

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farm outlook

MOST of the production from Iowa agriculture is sold either as food (livestock or livestock products) or for use in livestock feeding. Where does our food go?

The chart shows that by far the big end of the United States food supply is eaten by civilians in this country. Military uses and exports together accounted for only 9 percent of the total in 1951. So what happens to the demand for food over the long run depends largely upon what happens to civilian demand in the United States.

Population

Farm population in the United States is decreasing—both percent-

timated farm population in 1951 was 23.3 million. The comparable figure in 1940 was 29.1 million. Farm population has dropped from 22 percent of the total population in 1940 to 15 percent in 1951. Meanwhile total population has increased 22 million during this same period.

But agricultural production has increased too. More efficiency in agriculture made it possible to produce one-fourth more food and fiber in 1951 than in 1940.

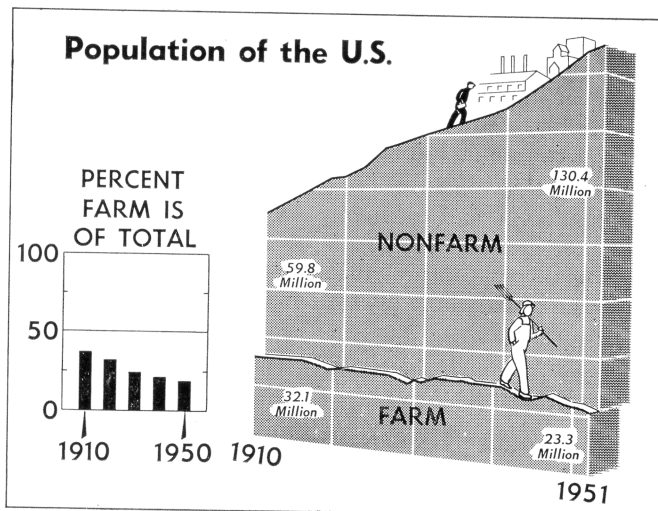
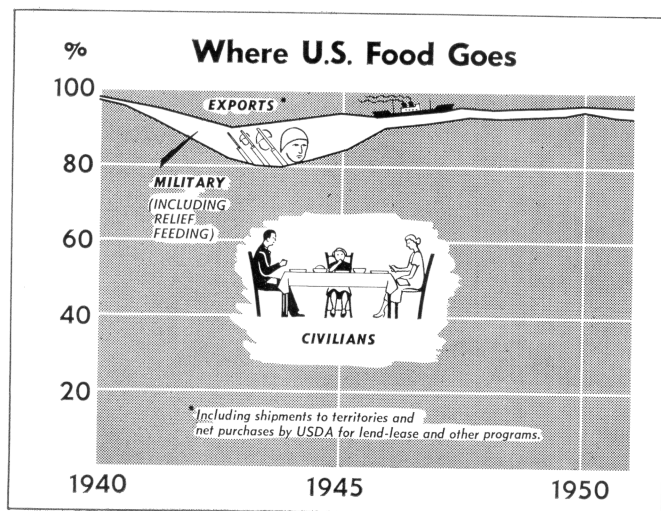
There is a general population movement from the farm to the city. This has made possible the rise of the United States as the most powerful industrial nation in the world. But, at the same time, it has created a greater dependence

on fewer people to produce the food and fiber needed by the growing nonfarm population.

What's likely to happen in the future? United States population probably will grow at least 2 million persons a year—with a corresponding need for additional food and fiber. This would be true even under peacetime conditions.

Some estimates put the 1975 population of the United States at around 190 million—we might have more, we might have less. But 190 million is a moderate estimate.

A 25-percent increase in our population by 1975 certainly would place an increasing burden on agriculture. For pork alone, the current output plus an amount equal to the output of Iowa and Nebraska



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probably would be needed—assuming eating habits don't change noticeably. An increase in milk production equal to the production of New York, Michigan and Wisconsin would be needed over our present production.

Consumer Income

What will happen to consumer income over the long pull is a real question. The chart shows what has happened to consumer income since 1935. Consumer spending has risen. But remember that this has been a period for a general rise in price levels.

Consumer income is greatly affected by industrial activity. At the present time, this is very great. What will happen in 20 to 30 years is a matter of speculation. However, as population increases, there should be heavy demands for housing and for the durable goods which have become an accepted part of our standard of living. Also such services as transportation—public or private—will be needed in greater amounts. So employment may remain at a relatively high level—even in the absence of war or near-war which we hope won't be our lot.

All in all, it seems that total consumer income shouldn't suffer appreciably. We may see a rise in total consumer income.

Fitting this together, the growth of population and relatively high consumer income seem to add up to a generally optimistic future for agriculture as a whole over the long pull.

1952 Picture

The demand for goods and services in general remains high. Spending by consumers, business

and government climbed to a record high annual rate of 340 billion dollars during the first 3 months of 1952.

Wage rates continue to rise, and further increases are in prospect for the remainder of the year. Consumer spending still is low relative to incomes when judged by past standards, but it has increased some recently. From January through March, the rate of saving was 7.4 percent of consumer income. This compares with a rate of 9 percent for the last 9 months of 1951.

In general a relatively strong demand would seem to be in prospect for food throughout the rest of the year.

Now let's take a look at some specific commodities.

Hogs

The upturn in hog slaughter usually comes in late August or in Sep-

tember. This year it isn't expected to come until later, so we may see relatively strong hog prices continuing into August and September.

Spring pig numbers are down 9 percent. Estimates are that fall farrowings will be off by about the same amount. Thus the number of hogs coming on the market this fall and next winter will be considerably less than last season. And as a result, we probably won't see hog prices sinking to the low levels of early 1952.

The usual drop in hog prices from the summer peak to the winter low is 15 to 20 percent. But with lighter marketings next winter, we can expect a less-than-normal drop between this summer's high and next winter's low.

Feeder Cattle

Many folks had bad experience feeding cattle this past year. This may affect their willingness to bid up on feeders this fall. And the outcome of the corn crop will have an important effect upon feeder cattle prices. If the crop is good, the demand for feeders will be strong. If the crop doesn't turn out so well, demand for feeders will lag. Opening of the Mexican border on Sept. 1 will have an effect too. That will be the first time since 1946 that legal movements of cattle from Mexico have been possible.

